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**The Value and Significance of Corporate Community Relations:
An Italian SME Perspective**

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The Value and Significance of Corporate Community Relations: An Italian SME Perspective

Abstract

Purpose – This paper investigates the link between community of place and small and medium-sized enterprises (SMEs) in Lombard industrial districts in Italy.

Design/methodology/approach – A brief literature review of international authors from the stakeholder approach and Corporate Community Relations field is presented. This paper refers to a survey of Lombard industrial districts conducted by ALTIS. The data was collected via a telephone survey from 834 firms.

Findings – The main finding is that managing Corporate Community Relations (CCR) is of major importance for company success. The results of the survey show that there are some tools and actions that Italian industrial district SMEs use to interact with their particular communities of place to develop effective and coherent relationships with their stakeholder groups. Moreover, although the survey shows that though SMEs do implement different CCR activities, they are not able to communicate these effectively through systematic communication strategies. However, the narrow sample includes only a sample of some Lombard districts. Nonetheless, the findings indicate that effective CCR seems to confer competitive advantage based on stakeholder responses and rewards sought.

Research limitations/implications – The framework could assist in supporting CCR developments between industrial districts as various players would know how to improve CCR activities. One further suggestion is that University and Research Centres could have a role to play in creating and communicating codified knowledge concerning community relations in industrial districts, while other public players still have to develop specific tasks in improving infrastructures.

Originality/value – This study is in line with the main focus of CCR, which is in striving to meet stakeholder and societal needs. However, industrial district SMEs have to learn how to communicate their CCR activities from the examples set by large Italian companies. The paper links the notion of CCR with tools and actions to develop meaningful relationships with both community of place and interest. Moreover, considering the survey results, a new framework for local player roles is proposed.

Key words: Corporate Community Relations, stakeholder approach, small and medium enterprises, Italian industrial districts.

The Value and Significance of Corporate Community Relations: An Italian SME Perspective

Introduction

Given the development of global systems in finance, transportation, logistics, communication, information business and marketing, it is argued that corporations are now at least as important as the products/services they produce and/or market (Mitchell et al., 1997; Kitchen and Schultz, 2001). This perspective implies the firm and its outputs/performances can be and often are strongly influenced by the perceptions of their various stakeholders (Schultz et al., 2000; Schultz and Kitchen, 2004). In fact, of necessity, all organizations develop specific interactions with a wide range of pertinent stakeholders. Each interaction has, of course, specific pressures and constraints. These interactions are thus different in terms of intensity, duration and purpose, but each potentially impacts corporate performance. In fact, corporate performance is determined by various factors such as environment, corporate history, corporate culture, corporate capability and stakeholders, and the ability to interact and communicate well is crucial. According to Kitchen and Schultz (2001) these factors indicate that the interest of few (corporate owners, managers, and their customers) are no longer universal given the greater value than the interests of many (all other stakeholders). Arrogant managers who do not value relationships and stakeholders' interests (or even stakeholders themselves), and do not value leadership and other change-oriented practices will find it more difficult to keep their license to operate.

Yet, in earlier stages of market development, many organizations focused upon consumers, customers or end-users or on shareholders in their financial markets, often ignoring the values or misperceptions that may occur in terms of unmanaged communications (Kitchen and Schultz, 1999). Of necessity in the 21st century, organizations have to focus on all stakeholders that can include shareholders, employees, owners, business and alliance partners, communities and a number of other, internally and externally involved participants.

The definition of 'stakeholder' was coined in 1963, by the Stanford Research Institute. It refers to all those who have an interest in a company and without whose support the organization cannot survive. For this reason, this also includes groups not linked by an exclusively economic relationship with the firm. In this field of study, the main definitions are made by Freeman (1984) and, more recently, by Clarkson (1995), which are similar, but show also some differences. In fact, the authors tend to analyze, from different points of view, relations between stakeholders and firms. Therefore authors speak about primary and secondary stakeholders and stakeholders in a strict sense

and in an expanded sense. For Freeman (1984), the primary stakeholders, i.e. the stakeholders in the strict sense, include "... all individuals or groups who can substantially affect the welfare of the firm, including not only financial claimants, but also employees, customers, communities, governmental officials, and, under some interpretations, the environment, terrorists, blackmailers, and thieves" (p.53).

Groups and individuals, therefore, are not only "constraints" for the firm, but take part in the process of contributing toward, or not detracting from, achievement of corporate goals. More currently, Clarkson extends the concept of stakeholders to bring in potential interested parties, such as future generations. He, in fact, argues that "stakeholders are persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities - past, present, or future" (Clarkson, 1995). For this author, therefore, primary stakeholders are those who have a continued involvement in the firm's life. In this context, parts of the interested groups are shareholders, investors, employees, customers and suppliers, and governments and communities that provide the infrastructure, markets, laws and regulations. While stakeholders include other secondary actors who are not essential for the survival of a firm and do not directly influence it, so are included those indirect individuals and groups who are also affected by its activities, such as current and future generations.

The definitions of Freeman (1984) and Clarkson (1995) are convincing, for the reason that they focus on the 'power' of stakeholders and their degree of involvement in the organizations' life, although it is not always easy to put stakeholders into categories. Moreover stakeholder classifications may be different depending on time and situation. Ultimately, it is clear that commentators have gradually moved from the idea of stakeholders as "passive" observers, that only have to put up with the consequences of corporate activities, to a concept of them as "active" players, that interact with the firm and contribute with it in the process of value creation, transforming themselves from quiescent and simple spectators into legitimate actors and influencers (Freeman, 1984). Thus, this paper proposes an analysis of community and pressure groups.

Undoubtedly, different kinds of community will impact on an organization's environment. Nevertheless the concept of "community" - the main subject in any study of corporate stakeholders - has never been clearly narrowed down to a precise definition. In fact, it has a variety of interpretations and explanations (see for example, Freeman, 1984; Altman, 1998; Fombrun, Gardberg and Barnett, 2000). It is not surprising that authors present contradictory pictures. After

all, even if the same term — ‘corporate community relations (CCR) - is used, it does not necessarily mean that discussions are about the same concept. Indeed, as early as 1955, there were at least 90 different definitions of “community”, whose only common element was the fact that they referred to people (Hillery, 1955).

Over recent years academics have shown more interest in the topic, starting with a classification of ‘community’ that considers its specific features (Putnam, 2000; Freeman et al., 2006; Harting et al., 2006; Podnar and Jančič 2006): the place of community affiliation; the country where a community develops; the group of people with whom one carries out some activity and shares interests with; the virtual community one takes part in, etc. Thus the meaning of “community” may differ according to one’s particular point of view (Grunig and Hunt, 1984). For this reason there are various definitions of communities, depending on which study domain they stem from, i.e. philosophy, psychology, sociology, anthropology, political sciences, town planning, etc.

The increasing emphasis upon the notion of CCR

Clearly there is a need for CCR to be defined properly before embarking upon deeper study — as it is a concept that has sparked wide-ranging debates among prominent management leaders. Absence of a clear working definition would only mean that studies on CCR could be based on weak understanding. Because of this, in defining “community”, researchers have referred to some key factors, such as geography, interaction and identity (Lee and Newby, 1983). In the first of these, the community developed according to geographical proximity, there are people who live in the same geographical region. This, however, does not mean that they are personally close to each other (Putnam, 1993). On the link between community and geographical proximity, sociological researchers like Bell and Newby (1971) and Gilligan and Harris (1989) later created the concept of local community. The study of community has now moved away from a simple focus upon geographic location (Weber, 1963).

In fact, Weber (1963) was the first to establish the concept of ‘community without propinquity’, a community where people are in contact with each other, even though they do not live in the same area. According to Weber (1963), the community to which people may belong was “no longer the community of place, but an interest community which within a freely communicating society need not be spatially concentrated for we are increasingly able to interact with each other wherever we may be located” (Weber, 1963). Referring to the second factor, the “community” based on elements of interaction (be they face-to-face or electronic) consists of people that develop social

relationships, whether they are living in the same place or not (Godwin, 1997). Finally, there are communities whose nodal point is identity (proactive/agenda-driven or ‘oppositional’), where the people share values, beliefs and experiences. In this case geographical proximity is not necessary either (Lave and Wenger, 1993). The distinction between geography, interaction and identity is useful to better understand today’s classification of communities. Furthermore Freeman et al. (2006) refer to communities of place, communities of interest, virtual advocacy groups and communities of practice. Pinpointing the different categories of community allows companies to highlight behaviour that they could adopt in managing relationships with their stakeholders. Collins and Porras (1997) state that

“Community also provides a necessary counterpoint and precedence to financial goals, since it has a different appeal to basic needs, motives, and instincts; it enlarges the range of each person’s competence, control, initiative, and commitment, which are root causes of economic success [...]. By itself, shareholder wealth provides an incomplete sense of identity and uniqueness, and does not motivate long-term creativity the same way community does. Coupling strong communities with high economic performance comes closer to assuring the overall health of the organization. Business success is grounded in a stable organization community” (p. 34).

The features of each community group, the ways they influence companies or are influenced by them, assessment of their expectations and the choice of appropriate interaction-management strategies, are all elements to be analysed in particular context of every organization (Berman et al, 1999). Therefore firms have to be in contact with their stakeholders, perhaps by developing a public relations function. According to Grunig and Grunig (1998),

“Public relations departments [can be, or are] arranged into horizontal structures that reflect the strategic publics or stakeholders of the organizations. The managers of these subfunctions – such as employee relations, marketing communication, investor relations or community relations – have a matrix relationship with both the public relations department and the functional department they serve” (p. 145).

Hence, being in contact with stakeholders does not mean purely considering them as a generic group, but rather to attempt to understand the distinctive features of each one of them. This means using a personalized approach to help understand their communities (Freeman and McVea, 2002). In fact, companies are forced into the ‘new social contract’ (Carroll 1999; Podnar and Jančič 2006), which presents a personalized mix of reciprocal expectations of the role and complex responsibilities of each of the different parties involved in a corporate and social environment.

Waddock (2001) argues for a similar conception in her work on stakeholders, arguing that businesses are progressively moving toward engagement strategies focused upon processes of mutual responsibility, information-sharing, open and respectful dialogue and an ongoing commitment to problem solving. This form of dialogue inevitably implies a changing relationship between a company and stakeholders involved within the dialogue process.

Moreover, her analysis centres on the theme of personalization developed through different degrees of relationship between firms and their various communities. Furthermore, having different levels of relationship between companies and communities means that the status of the legitimacy of the groups' expectations can come into the equation (Mitchell, Agle and Wood, 1997; Phillips, 2003). Consequently, in the case where there are only a few simple, occasional interactions between the players, firms could justifiably consider some of the community's expectations as arbitrary and so implement containment strategies in relation to these discontinuous stakeholders. On the other hand, if firms interact intensively with the community, they must work hard to cooperate, and become an essential part of the group, implementing collaboration or cooperation strategies as appropriate. As a matter of fact, firms can apply three strategies for interaction with communities (collaboration, cooperation, containment). Furthermore, each strategy involves different goals, tools, actions and interactions as shown in Table 1.

<<<Insert Table 1>>>

Relations with communities of place

The paper now focuses upon communities of place, which are particularly important in an analysis of the corporate community relations activities of small and medium-sized enterprises in industrial districts. A community of place exists because of the physical proximity of the people that live there. This definition holds even when the players constituting the community are firms and the people living in the surrounding area. Community of place assumes a double social connotation: on the one hand, it implies action, since the people have to organize activities which coordinate and integrate with each other; on the other hand, it is functional to social action – it is instrumental, i.e. useful but never with any real purpose in mind (Galimberti and Riva, 1997). From this point of view, communities of place (perhaps more so than other categories of communities) “[imply] care, joint meaning, mutuality, and commonality of purpose, of history, norms, and values” (Waddock, 1999). Therefore, firms have to consider the effects of their activities on communities of place to avoid conflict with them. A well-known example of the difficult relationships that could arise

between a community of place and a major business is that involving the controversial behaviour of General Motors in the cities of Detroit and Hamtramck. There are many other examples concerning this issue. Also in Italy there are similar situations, of which shall mention as,

“... in the area near Verona plans were proposed to build a ‘Motor City’ between the cities of Vigasio and Trevenzuolo. This project had been considered by politicians of all sides and building contractors as a chance for local economic growth. However, the community of place considered the project as very destructive, from the environmental, economic and social points of view, because the ‘Motor City’ (with its 4,560,000 square metres of cement) would in fact have connected the two cities which stand only 6 km apart. Furthermore, it was to include a variety of amenities: a motor racing track, shopping centre, amusement park and business park. This, in the community’s opinion, would damage not only the local commercial and handicraft activities, but also the air, soil and water which is used to cultivate a famous local variety of rice.

“... Government Authorities decided to solve the serious problem of flooding that regularly hits Venice and its lagoon bringing with it serious social and economic consequences (flooding of public squares, houses and shops; drops in the number of tourists, etc.). The solution involves a project that the community of place considers dangerous, expensive and inadequate to deal with the flooding, which is a complex and composite phenomenon. The project, called Mose (Moses), consists of 79 steel beams, each 30 metres long. If water levels rise higher than 110 cm, the beams will rise and form a barrier to temporarily cut the lagoon off from the sea. This project, according to the community of place, will permanently damage the area, and could also lead to the escape of methane and sulphur dioxide. Furthermore it would harm the fishing industry in the lagoon and impede navigation for fishing boats.

“... a ceaseless conflict started in Viterbo. Here, local building contractors are in favour of building, and funding, a new airport in the city. Business leaders also consider the airport as “something indispensable” to increasing economic growth and employment in the area. The community of place, however, opposes the project, considering it a danger to the environment and the archaeological sites in the area, since the proposed site of the airport is in the vicinity of the thermal springs. This then would lead to an increase in noise and visual/landscape pollution, with all the negative consequences this brings.

Many business failures bear witness to the consequences, whether intentional or not, of corporate behaviour on their localities. This can happen when firms abruptly decide to stop production in a particular industrial area. Alternatively, firms and community could come into conflict if, for example, a firm buys an industrial plant or builds a new plant in an area for purely selfish reasons of speculation. Here the firm exploits a territory but does not create an autonomous technical or organizational framework which the local community could use should the firm choose to shift production elsewhere (Becattini and Bellandi, 2006). Nowadays, firms working in a particular place have at their disposal a number of tools for implementing community relations – also including

tools of citizenship relations. These can be used to initiate durable, profitable collaboration and integration with the community of place.

Among the main activities mentioned in Table 2, the Centre for Corporate Community Relations of Boston College, Carrol School of Management, includes (i) donations and contributions (e.g. sponsorship of sporting and cultural events, acquisition of Christmas gifts from social-interest associations, contributions of company products free or at discounted rates, etc.); (ii) employee volunteerism (e.g. use of industrial plant, contributions of industrial plant, contributions of employee time, etc.); (iii) community-based programmes (e.g. recycling packaging, energy meters, refuse disposal, reductions of noise, raw materials usage, water consumption, emissions, developing clean technologies, Green Public Procurement, Mobility Management, producing alternative energy, etc.); and (iv) relationships with civic, professional and not-for-profit organizations (e.g. acquisition of goods and services from organizations involved in social interest activities, etc.). These community relations actions have elements such in common (Altman, 1997), such as (i) moral and ethical obligations of the firm; (ii) provide economic benefits; (iii) integration, common goals between corporation and its communities; (iv) responsibility to stakeholders; (v) include proactive action; (vi) partnerships across sector lines; (vii) global interconnectedness; (viii) preventives/protect natural environment; and (ix) active leadership.

In the next section, the paper shall examine which tools of community relations are chosen by one particular category of firm: small and medium-sized enterprises (SMEs) in Italian industrial districts.

Italian industrial districts: the case of the Lombard industrial districts

Although the Italian productive landscape has changed, SMEs in the industrial districts are still a strong force on which the Italian industrial system is founded (Baccarani and Golinelli, 1993). Today the evolution of the districts is closely linked to their communities of place. Therefore, the success of district firms largely depends on local context, rather than on the influx of “fresh blood” from elsewhere (Becattini, 2005). This idea of district in its social, economic, political and territorial features, and relations with other firms can serve as an analytical mechanism for the whole economic system and the structure of relations developed in the corporate network. It seems that this new concept put into perspective other categories of study which focus on the single district firm and on its nature and dynamics (Rullani, 2006). In fact, the link between district, territory and other firms is so important for the districts’ life that the first studies focused on the

single district firm seemed to have no real meaning for a specific organization. Moreover, studying a single district firm may not lead to an understanding that these firms are able to attain high levels of economic performance thanks mainly to the atypical relationships they have built up with the area and its interlinked communities (Clarkson, 1995; Perrini, 2006).

On the possibility of a firm to perform well economically thanks to its relationship with the territory and the communities of place, Putnam affirms that the positive effects of such a relationship are demonstrable not only in corporate business but also in the community. In fact, ‘whereas physical capital refers to physical objects and human capital refers to the properties of individuals, social capital refers to connections among individuals – social networks and the norms of reciprocity and trustworthiness that arise from them’ (Putnam, 2000; Putnam, 1995), ‘that can improve the efficiency of society by facilitating co-ordinated actions’ (Putnam, 1993). Moreover, ‘stocks of social capital, such as trusts, norms, and networks, tend to be self-reinforcing and cumulative. Virtuous circles result in social equilibria with high levels of co-operation, trust, reciprocity, civic engagement, and collective well-being. These traits define the civic community. Conversely, the absence of these traits in the *uncivic* community is also self-reinforcing’ (Putnam, 1993).

As regards district, Becattini’s (1990) definition explains this concept by highlighting its economic and social meaning. According to the author, the district ‘is a socio-territorial agent characterized by the active presence, in a naturalistically and historically defined, restricted area of a community of people or a group of firms’ (Becattini, 1990). Thus, the district corresponds with a socio-territorial agent, in which community and firms could ‘meld together’ (Rullani, 2004). To analyse the relationship between district SMEs and their internal and external stakeholders, ALTIS (*Alta Scuola Impresa e Società* of the Università Cattolica del Sacro Cuore in Milan), together with the *Operandi* Foundation, researched the increase in community relations by SMEs in the Lombardy area (Northern Italy), which is a highly industrialized and economically well-developed European region.

The first research question purposed to show if CCR was becoming more important in order to improve corporate performance and especially SME’s performances. In fact, in Italy, this topic is not analysed deeply despite the fact that many Italian firms are SME’s. The aim to understand the significance of CCR is thus analysed indirectly. In fact, interviewed firms were asked to speak about the main tools they usually use to communicate with their communities. This did not necessarily lead to critical thinking on CCR. For this reason, the second research question focussed

on the chosen methodology. In fact, this paper considers that a quantitative methodology could be a good starting point in the analysis of the development of CCR in Italy. Normally, qualitative techniques will be employed in exploratory research, although there are some exceptional examples of quantitative findings being used for exploratory purposes (Malhotra and Birks, 2003). Since this paper aims to explore the development of CCR, quantitative methods were more appropriate than qualitative methods in this case. Nonetheless, given that in communications research, qualitative methods are almost universally used at the stage of new concept and new theory (Dean, 2004), this paper has to be considered as first step of analysis that should be followed by other research. For example, further qualitative research on CCR could uncover underlying perceptions as to how people behave, and why people behave as they do, in putting into practice CCR strategies (Bryman, 1989). However, the following research objectives are to (i) explore the growth and importance of CCR; (ii) explore the current situation of CCR implementation and application within Lombard industrial districts in Italy; (iii) identify the specific tools of CCR used by the chosen firms; and (iv) find and understand who could better help Lombard industrial districts to use CCR in order to be able to communicate effectively and manage the complexity of CCR in concrete terms.

The research involved a sample of firms from 16 industrial districts in the Lombardy region of Italy (Molteni et al., 2007). Firms were contacted and interviewed by telephone, in accordance with CATI methodology (Computer Aided Telephone Interviewing), by the *Piepoli* Institute, Milan, as a proxy for ALTIS, using a questionnaire created by the researchers of the University 'Cattolica', Milan. The research examined 834 firms (19.9% of the district firms) consisting of 723 (87 %) small firms – 10-49 employees; 96 (11 %) medium-sized firms – 50-249 employees; 15 (2%) large firms – over 250 employees. Micro firms (1-9 employees) were excluded from the research, since they were considered less consistent with the research content and methodology. The values are in percentages calculated on the total, because it is interesting to give prominence to the fact that every firm analysed develops actions of community relations using more than one tool contemporaneously. These percentages are calculated by dividing frequencies observed in every cell by N - the number of cases (834) - and then the result is multiplied by 100 (Marradi, 1998). The sample is considered representative of the Lombardy region because of its consistency and make up. However, the paper shows the results of a survey conducted on a very large sample, this study cannot be analysed in depth via SPSS, due to difficulties in accessing to the raw data collected by ALTIS. For this reason, this paper is a starting point on the study of CCR, which has to be followed by more in depth research.

The behaviour of the district firms regarding community relations was analysed according to two factors: the relationships between firm and community of place; and the projects of environmental responsibility put into action by the firms – these were projects going above and beyond statutory requirements. Regarding relationships between firm and community of place, the most widespread projects were donations and sponsorship of sporting and cultural events (44.5% and 37.2%) (see Figure 1).

Then, come acquisition of Christmas gifts from associations with a social purpose, contributions of company products free or at discounted rates (26.6% and 19.2%). Lower down the scale come acquisition of goods and services from organizations involved in social-interest activities, use of industrial plant, contributions of industrial plant and contributions of employee time in developing activities in favour of the community (12.7%, 6.0%, 5.3% and 3.6%). In conclusion, 71% of the sample implemented at least one of the projects mentioned above.

In particular, the most widespread projects of environmental responsibility in the district firms are: recycling packaging, energy meters, and refuse disposal, statutory obligations aside (43.2%, 35.1% and 33.9%) (Figure 2). In the middle come projects like reducing noise, raw materials usage, water consumption, emissions, developing clean technologies, statutory obligations aside (28.2%, 26.1%, 24%, 22.3% and 17.7%). Finally come eco-friendly procurement (Green Public Procurement), mobility management and alternative energy production projects (12.1%, 11.6% and 5.8%).

<<<Insert Figure 1>>>

<<<Insert Figure 2>>>

Green Public Procurement – GPP – is a system of acquisitions, by Public Sector bodies, of products and services that are environmentally friendly, i.e. ‘those products and services that have smaller, or reduced, effects on human health and on the environment in comparison with other products and services used to reach the same purpose’ (U.S. EPA, 1995). Green ‘public procurement means that public purchasers take account of environmental factors when buying products, services or works’. It is one of the most important tools used in implementing a strategy of sustainable development. In fact, in Italy the public sector acquires 17% of GDP (Gross Domestic Product) and in Europe it stands at 14% (OCSE, 2000). Moreover, the subject of Mobility Manager was born with the decree of March 27, 1998 “Sustainable mobility in urban areas”, issued by the Environment Department, with the aid of the Public Works, Health and Transport Departments. Mobility Management aims to

manage the mobility of employees by developing plans for home-to-work transport (in Italian: Piani di Spostamento Casa – Lavoro, PSCL), aimed at solving the transport problems of anyone who has to travel a long way to their workplace. In most cases, people use their own cars (Ministry of the Environment and Territorial Protection, 2002). On the topic of environmental responsibility, 72% of the firms implement at least one of the projects.

<<<Insert Table 2>>>

Moreover the research considered some collective players, both public and private sector, who were promoters of community relations in the districts. The firms interviewed considered the behaviour of these players to be sub-standard. Furthermore, some players who manage the districts have not really played a significant part in the spread of community relations practices. Additionally, the research shows that there is an enormous need for help with promulgating community relations practices. Only a few of those interviewed thought that District Service Centres (21.0%), Public Capital Development Agencies (16.6%) and District Committees (16.1%) are good interlocutors and promoters of community relations activities. In fact, the research shows that a response to firms' needs for information, training and operations with community relations are provided by the private sector rather than the public sector. According to the firms interviewed, there are some players who should not only be working more than others to promote the diffusion of community relations practices, and also should also be providing support to firms moving in this direction: Employers' Associations (70.6%), followed by Chambers of Commerce (49.0%), Training Centres (31.2%) and Universities and Research Centres (30.5%).

Conclusion

The analysis of the data on the Lombard industrial districts concerning the specificity of community relations implemented by the district firms. In fact, district firms behave responsibly towards the stakeholders within their districts - local community – because they have a special relationship with the territory. Although the survey shows that SMEs implement different CCR activities, they are not necessarily able to communicate them effectively (Melewar et al., 2017). This is not, however, the case with large Italian companies. In fact, there are numerous examples of large Italian companies placing great importance on, and communicating, their community relations activities: E.N.I. (Ente Nazionale Idrocarburi) activated the areas 'Sustainability: The Territory and the Communities' and 'Budget of sustainability'; E.N.E.L. (Ente Nazionale per l'Energia Elettrica) regularly updates the sections 'Sustainability: Corporate Social Responsibility', 'Budget of

sustainability’ and ‘Enel and its stakeholders’; the Coop (Consumers' Cooperative) dedicates a web space to ‘Social Performance’, ‘Description of stakeholders: The community’ and ‘The Coop and the environment’; TIM (Telecom Italia Mobile) has pages for ‘social works’, “Intervention areas: the community” and “Intervention areas: the environment”; etc.

While the bigger firms show the results of their CCR activities on their websites through sections and links relating to Corporate Social Responsibility (CSR) (Crumpton, 2016; Podnar and Golob 2007), SMEs have greater difficulty in publicising their work for the community and general public. For example, SME’s do not update their web sites frequently. This is the factor which demonstrates that there may be a problem in the communication strategies of the industrial district SMEs. In fact, such businesses are only occasionally and irregularly involved with implementing communication activities which is understandable given SME’s traditional lack of communication resources and budget (Boyden and Weiner, 2000).

From the information considered, there is a perception that SMEs communicate without a definite communication plan. Thus they communicate their CCR activities on their districts’ collective sites, local newspapers and national newspapers (by press releases) in an unsystematic way. On this point, it would be more convenient for these firms to have a more systematically developed communication activity to improve their projects and increase their reputation.

Many organizations that engage in CCR strategies confirm the picture emerging from the survey that a whole range of activities can be perceived by communities as ‘dialogue’. This stretches from activities that are more directly linked to information dissemination to clearly defined forms of CCR where different stakeholders meet directly with companies to discuss CCR issues, on the other. Thus, a primary obstacle for SME’s is lack of clarity regarding how CCR should be structured and indeed the expectations participants may have of related outcomes (Foroudi et al., 2017; Melewar et al., 2017). We were intrigued by another research finding, i.e. the fact that district firms believe that centres of knowledge (University, and Research Centres) could play a substantial role in helping develop corporate community relations – indeed - a contribution SME managers consider more appropriate than those offered by public sector or government players (e.g. Local Development Agencies). Universities, especially those studying and teaching communication and public relations, could play a key role in creating and spreading codified knowledge (information) and training concerning community relations in the industrial districts. In concrete terms, they could (i) create a map of all the actions that can consolidate relations between community of place and firm; (ii)

evaluate and select those community relations activities which have already been implemented, and have produced appreciable results, and so identify best-practices through benchmarking; (iii) train managers and employees on the importance of community relations and the tools at their disposal; (iv) support firms in their choice of CCR tools most suitable to them; (v) develop experimentally additional types of CCR in the form of proposals.

In order to implement this key role correctly, Universities need to make use of networked infrastructures. We believe that the District Service Centres, Public Capital Development Agencies and District Committees still have to develop specific tasks relating to the improvement of infrastructures, to aid the transmission and sharing of information so as to publicise in their districts the best experiences of the firms that have already implemented CCR actions successfully. Finally, the main practical implication of this paper is to raise the awareness of how important CCR is, in that it plays a key relational role between firms and their stakeholders' and society's needs. For this reason, it would be convenient to implement CCR not only for Lombard industrial district SMEs, but also for all Italian industrial district SMEs and, indeed, for those SMEs outside this district framework.

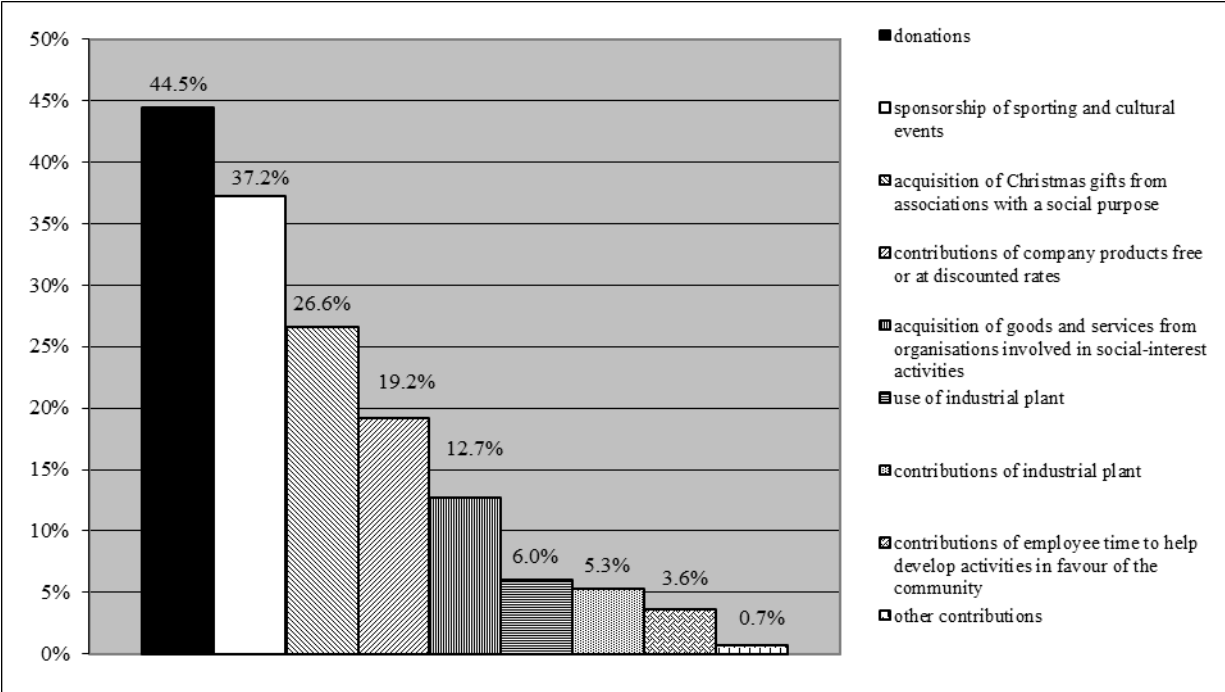
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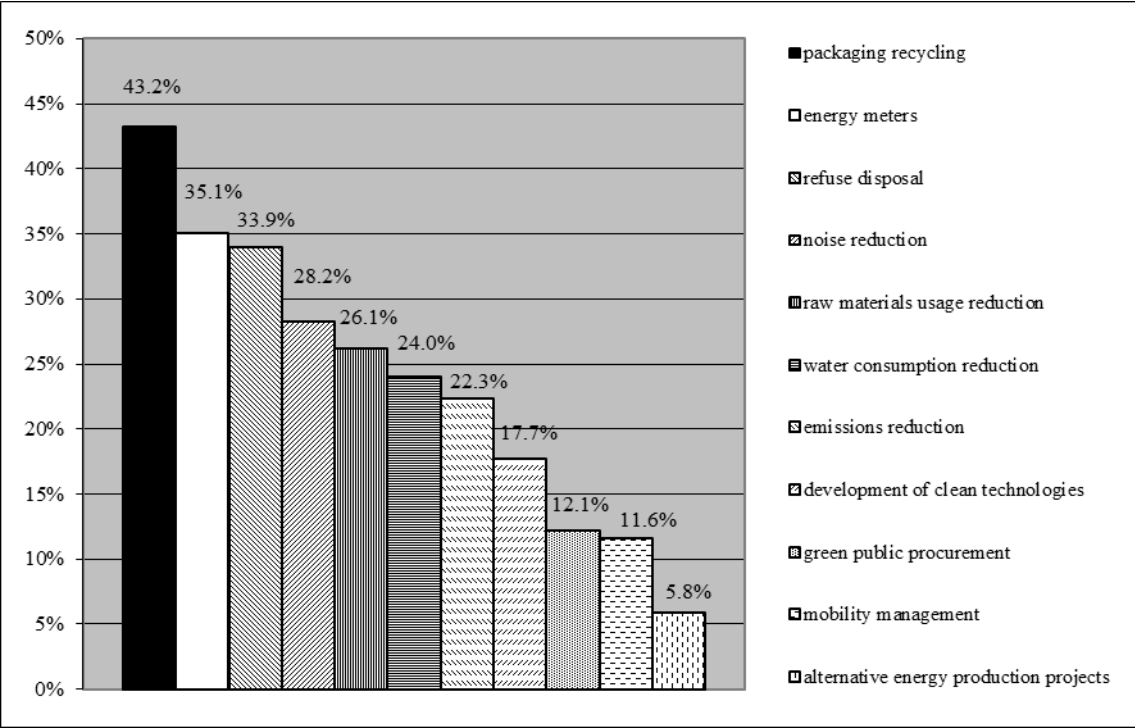
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Figure 1: Tools used to build relationships with community of place in the 16 Lombard industrial districts considered by the research (cell percentages calculated on the total)



Reference: Our processing of ALTIS data

Figure 2: Tools used to build relationships with the community of interest in the 16 Lombard industrial districts considered by the research (cell percentages calculated on the total)



Reference: Our processing of ALTIS data

Table 1: Strategies in Approaching Communities of Stakeholder

| | Collaboration | Cooperation | Containment |
|----------------------------------|--|--|---|
| Objectives | Support stakeholder development | Negotiate win-win solutions | Minimize potential damages by SH |
| Nature of interactions | Open, trust-based | Cordial, reciprocal | Adversarial |
| Frequency of Interactions | High | Mixed | Low |
| Duration of Interactions | Ongoing, long-term | Intermittent | Short-term |
| Process Focus | Building/supporting shared identity | Developing mutual understanding and constructive solutions | Identifying and monitoring |
| Key Actions | <ul style="list-style-type: none">• Building shared vision• Information sharing• Training/professional development | <ul style="list-style-type: none">• Selective information sharing• Ongoing dialogue | <ul style="list-style-type: none">• Information collection• Pre-emptive public relations |

Reference: Dunham et al. (2006)

Table 2: Tools in Approaching Stakeholders in Communities

| Tools | Objectives | Nature of interactions | Frequency of interactions | Duration of interactions | Process Focus | Key Actions | Strategies |
|---|---------------------------------|------------------------|---------------------------|--------------------------|--|--|---|
| Donations and contributions | Support stakeholder development | Open, trust-based | High | Ongoing, long-term | Building/ supporting shared identity | <ul style="list-style-type: none"> • Building shared vision • Ongoing dialogue • Pre-emptive public relations | Collaboration Cooperation |
| Employee volunteerism | | | | | | | |
| Community-based programs | | | | | | | |
| Relationships with civic, professional and not-for-profit organizations | Negotiate win-win solutions | Cordial, reciprocal | Mixed | Intermittent | Developing mutual understanding and constructive solutions Identifying and monitoring | <ul style="list-style-type: none"> • Selective information sharing • Training/ professional development • Information sharing • Pre-emptive public relations • Ongoing dialogue | Collaboration Cooperation Containment |

Source: Dunham et al. (2006)